

State of California
BOARD OF EQUALIZATION

ALCOHOLIC BEVERAGE TAX REGULATIONS

Regulation 2550. DESTRUCTION AND UNACCOUNTED FOR LOSSES OF DISTILLED SPIRITS.

Reference: Section 32211, Revenue and Taxation Code.

(a) Unintentional Destruction. The term "unintentional destruction" shall mean destruction of distilled spirits by fire, earthquake, floods, breakage in transit, accident, or by any other cause, when the exact quantity destroyed is known. Claims for loss by unintentional destruction must be filed with the Board in Sacramento immediately following the close of business on the last day of the month in which the loss is discovered. The claim must state under oath of the licensee that the distilled spirits were so damaged that they could not be used for any purpose. Proof of loss satisfactory to the Board in the form of paid insurance or carrier claims must be retained on the taxpayer's premises for verification.

(b) Unaccounted for Losses. Unaccounted for losses shall include all other losses disclosed by physical inventory due to pilferage, handling, etc. The allowable tolerance for unaccounted for losses of distilled spirits acquired by any distilled spirits taxpayer shall not exceed one-tenth of one percent of the total sales of the distilled spirits. In the case of distilled spirits taxpayer who holds licenses for two or more premises, the tolerance allowed by this rule shall be computed and applied separately to the transactions for each premises, unless the Board has granted the taxpayer permission to file a consolidated tax return.

History: Effective April 17, 1955

Amended September 5, 1969.

Amended January 11, 1978, effective February 19, 1978. Second paragraph, second sentence, the word "taxable" is changed to "total".

Effective December 29, 1995. The title of the regulation was made more informative by changing "DISTILLED SPIRITS" to "DESTRUCTION AND UNACCOUNTED FOR LOSSES OF DISTILLED SPIRITS". Grammatical and editorial changes were made to clean up or clarify the language of the regulation. For better understanding, the regulation was divided into two subsections entitled "UNINTENTIONAL DESTRUCTION" AND "UNACCOUNTED FOR LOSSES", respectively. In the first paragraph, the words "examination or verification by employees of the board" were changed to "verification". The word "examination" is unnecessary because it is a type of "verification" and not an alternative to verification. It is not necessary to say "by employees of the board".

In the second paragraph, the word "acquired" was deleted because it is confusing. The rest of the language changes in the second paragraph are plain English changes which clarify that the taxpayer must be granted permission by the board to file a consolidated tax return.